

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <u>Smith R Sharon</u>			2. Issuer Name and Ticker or Trading Symbol <u>AMBAC FINANCIAL GROUP INC [ AMBC ]</u>			5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>Senior Managing Director</u>		
(Last)	(First)	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) <u>03/04/2019</u>			6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person		
AMBAC FIANCIAL GROUP, INC. ONE STATE STREET PLAZA			4. If Amendment, Date of Original Filed (Month/Day/Year)					
(Street) <u>NEW YORK NY 10004</u>								
(City) (State) (Zip)								

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	03/04/2019		M		7,943 <sup>(1)</sup>	A	\$0	7,943	D	
Common Stock	03/04/2019		F		3,446 <sup>(2)</sup>	D	\$20.11	4,497	D	
Common Stock	03/04/2019		M		2,209 <sup>(3)</sup>	A	\$0	6,706	D	

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date						Title
Deferred Share Units	(4)	03/04/2019		M			7,943	(1)	(1)	Common Stock	7,943	\$0	7,744	D	
Restricted Stock Units	(5)	03/04/2019		M			2,209	(3)	(3)	Common Stock	2,209	\$0	11,923	D	
Deferred Share Units	(4)	03/04/2019		A			3,941	(6)	(6)	Common Stock	3,941	\$0	11,685	D	
Restricted Stock Units	(5)	03/04/2019		A			6,564	(7)	(7)	Common Stock	6,564	\$0	18,487	D	

**Explanation of Responses:**

1. Represents the aggregate amount of deferred share units ("DSUs") that were converted into shares of common stock of Ambac Financial Group, Inc. (the "Company") upon settlement of a portion of the reporting person's 2017 and 2018 Short Term Incentive Plan award and a limited number of DSUs awarded pursuant to the 2019 Short Term Incentive Plan that were settled in order to satisfy certain tax withholding obligations imposed upon the Company.
2. Represents the aggregate amount of DSUs and restricted stock units ("RSUs") that were converted into shares of common stock and withheld by the Company to satisfy certain tax withholding obligations.
3. On March 4, 2019, there were 2,209 RSUs that settled, and were converted into shares of common stock of the Company.
4. Each DSU represents a contingent right to receive one share of the Company's common stock.
5. Each RSU represents a contingent right to receive one share of common stock of the Company.
6. On March 4, 2019, there were 3,941 DSUs granted as part of the 2019 Short Term Incentive Plan. DSUs shall vest immediately and shall settle and convert into shares of common stock as follows: 50% of the DSUs shall settle and convert into shares of common stock on March 4, 2020, and the remaining 50% of the DSUs shall settle and convert into shares of common stock on March 4, 2021; provided however, that if the reporting person's employment with the Company is terminated for any reason, all of the DSUs will settle and convert into shares of common stock immediately. Notwithstanding the foregoing, a number of vested DSUs sufficient to satisfy certain tax withholding obligations imposed upon the Company may be converted into shares of common stock and withheld by the Company to satisfy such tax withholding obligations

7. On March 4, 2019 the reporting person received a grant of 6,564 RSUs as part of their 2019 Long Term Incentive Plan award. The RSUs will vest in three equal annual installments commencing January 2, 2020, January 2, 2021, and January 2, 2022.

**Remarks:**

William J. White, attorney-in- 03/05/2019  
fact

\*\* Signature of Reporting Person      Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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